**MEMORANDUM TO:** Mayor and City Council

**Planning Commission** 

**FROM:** Kirk Eby, GIS Planner

**DATE:** February 3, 2017

**SUBJECT:** Consolidated Preliminary Background Report:

Applications Z-7496-2017(rezoning) and SP--7495-2017 (concept plan)

(Hyatt House hotel re-use, 200 Skidmore Boulevard)

# **APPLICANT**

Sydne Garchik MRK Partners, Inc. 2711 N. Sepulveda Boulevard Manhattan Beach, CA 90266

## **OWNER**

HHLP Gaithersburg Associates, LLC 44 Hersha Drive Harrisburg, PA 17102

## **ATTORNEY**

Stacy P. Silber Lerch, Early & Brewer, Chtd. 3 Bethesda Metro Center Bethesda, MD 20814

#### **TAX MAP REFERENCE:**

Tax Sheet: FS 63

#### **LEGAL REFERENCE:**

Plat: 20275, 20767

Part of Parcel D, Gateway Commons

#### TAX ACCOUNT NUMBER:

16-09-03181283

## **REQUEST**

The applicant, MRK Partners, Inc., has submitted Amendment to Zoning Map application Z-7496-2017, to rezone a 238,036 square foot (5.46 acre) parcel from the C-2 (General Commercial) zone to the CD (Corridor Development) zone, along with the associated Concept Site Plan SP-7495-2017, in accordance with § 24-160G.6(a) "Application for CD Zone and concept plan approval" of the City Code. Concurrent with these applications, the applicant is proposing to amend the X-152 Annexation Agreement, and the Council authorized the City Manager to initiate negotiation of the amendment at its December 5, 2016 meeting. In support of these requests, the applicant has included a Rezoning and Concept Plan Statement of Justification and an Operation Management Plan.

The subject property (the "Property" or "Site") is located at 200 Skidmore Boulevard.



<sup>1</sup> Exhibit #Z08/#C16 and #Z13/#C21

<sup>&</sup>lt;sup>2</sup> Exhibit #Z02/#C02

<sup>&</sup>lt;sup>3</sup> Exhibit #Z03/#C03

# **GENERAL INFORMATION**

#### LOCATION:

The Property is a rectangular shape bounded by the Gateway Commons subdivision to the northeast, Interstate 370 to the southeast, South Frederick Avenue and Summerfield Park to the southwest, and E-Z Storage and Skidmore Boulevard to the northwest. Casey Community Center, the Casey Health Office Building, and the Rosedale Apartments are located to the southwest, across South Frederick Avenue. The Walnut Hill Shopping Center is located across South Westland Drive, at the end of Skidmore Boulevard.

# **ADEQUATE PUBLIC FACILITIES ORDINANCE (APFO):**

#### Water and Sewer Services and Public Utilities

The Property is currently developed with both public water and public sewer service and has WSSC categories of S-1 and W-1, according to the online map viewer provided by the Montgomery County Department of Environmental Protection. Thus, the property satisfies the requirements of the water and sewer standards of the APFO, § 24-247.

## **Fire and Emergency Services**

The Site is currently within the ten-minute response areas of four Montgomery County Fire and Rescue stations: Station 3 (Rockville), Station 8 (Gaithersburg/Washington Grove), Station 28 (Gaithersburg/Muncaster), and Station 32 (Travilah). Thus, the property satisfies the requirements of the fire and emergency services standards of the APFO, § 24-248.

#### **Schools**

The Site is located in the Gaithersburg Cluster and is served by Washington Grove Elementary, Forest Oak Middle, and Gaithersburg High. The school capacity standard of the APFO does not apply to rezoning and concept plans, such as this application. The APFO does apply at preliminary site plan, but because this re-use proposes to have an age restriction of 62 years and older, the preliminary plan will qualify for exemption from the adequacy of school capacity standard of the APFO, in accordance with § 24-246.

## Traffic Impacts

The City's Traffic Impact Study regulations do not require the submission of a Traffic Impact Study at the time of Concept Plan. The Applicant has, however, included a statement from Wells and Associates indicating that the proposed re-use will reduce the overall morning and afternoon peak hour trips.<sup>4</sup> Engineering Services Chief Mumpower has accepted the applicant's traffic impact statement as being correct.<sup>5</sup> Thus, the property satisfies the

<sup>5</sup> Exhibit #C06

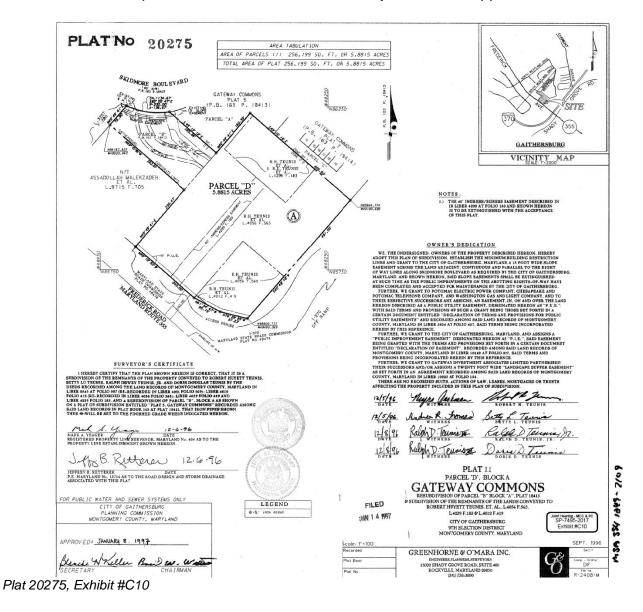
<sup>&</sup>lt;sup>4</sup> Exhibit #C05

requirements of the traffic impact study standards of the APFO, § 24-245, and a traffic impact study (TIS) will not be required.

# **EXISTING LAND USE/PHYSICAL CHARACTERISTICS:**

The Property totals 5.46 acres and includes a portion of one (1) previously-platted parcel:

 Part of Parcel D, Block A, zoned C-2, containing an extended-stay hotel operated as Hyatt House. Originally platted as 5.88-acre Parcel D, Block A on Plat 20275,<sup>6</sup> later, 0.42-acre Parcel E was created by Plat 20767,<sup>7</sup> resulting in a smaller 5.46-acre "residue" or "part of" Parcel D, which is the subject of these applications.

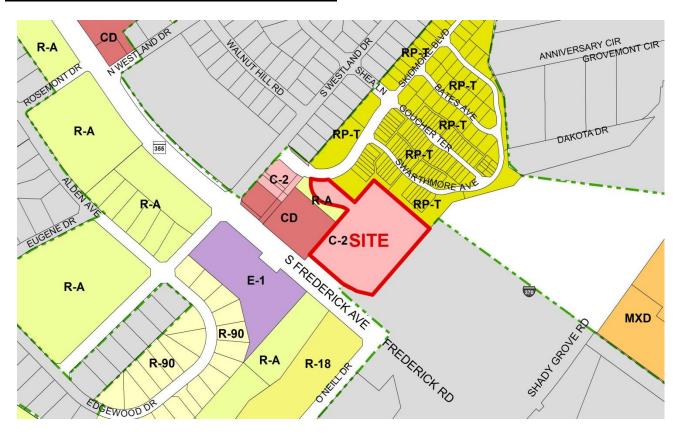


<sup>&</sup>lt;sup>6</sup> Exhibit #C10

<sup>&</sup>lt;sup>7</sup> Exhibit #C09

The Property, as discussed, is a fully developed site with six buildings, surface parking, an access driveway, and a small stormwater management best management practices (BMP) facility. There is no forest identified on or adjacent to the site, as all existing vegetation is planted landscaping. There are two (2) specimen trees identified, both of which have a condition rating of "poor." The property contains no intermittent or perennial streams on or within 200 feet of the property. A Natural Resources Inventory/Forest Stand Delineation (NRI/FSD) reflecting current conditions, was approved January 25, 2017.

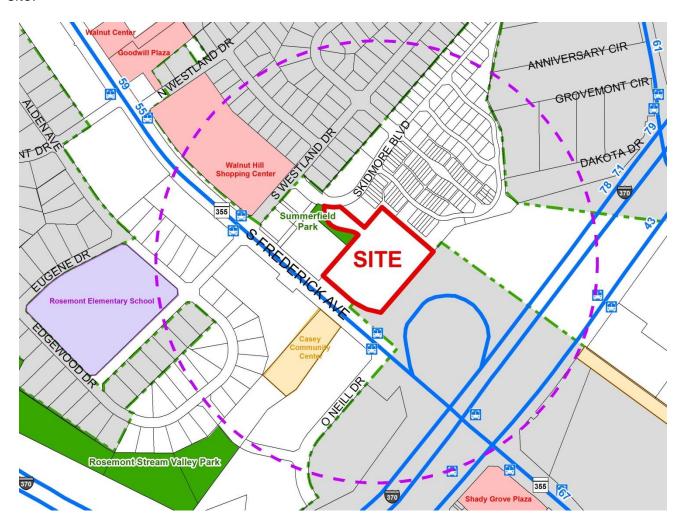
# **NEIGHBORHOOD LAND USE AND ZONING:**



The Property is bounded by the CD (Corridor Development) and R-A (Low-Density Residential) zones to the northwest, and the RP-T (Medium Density Residential) zone to the northeast. To the southwest is the right of way for South Frederick Avenue (MD 355), with the E-1 (Urban Employment), R-A (Low Density Residential), and R-18 (Medium Density Planned Residential) zones for the parcels across the road. To the southeast is the large right of ways for Interstate 370 and the adjacent Shady Grove Road, with parcels in Montgomery County across the two roads. The surrounding land uses, from northeast to southwest, include townhouses, gas station, City pocket park (Summerfield Park), self-storage, medical office, the City-operated Casey Community Center, and multifamily rental apartments.

<sup>&</sup>lt;sup>8</sup> Exhibit #C15

Beyond the immediately adjacent uses are a shopping plaza (Walnut Hill) and detached houses to the north in Montgomery County, two churches along Frederick Avenue to the northwest, detached houses and a public elementary school in the Rosemont neighborhood to the southwest, and a shopping plaza and hotel in Montgomery County to the southeast. The Property is within a half a mile of one shopping center and an elementary school, as well as recreational amenities such as Summerfield Park, Casey Community Center, and Rosemont Stream Valley Park. The purple circle below reflects the area within one-half (1/2) mile of the site.



Transportation options in the immediate area include automobile and bicycle, via the surrounding network of streets; pedestrian, via sidewalks and off-street paths; Ride-On bus, via routes 55, 59, and 67 along Frederick Avenue; and the Red Line Metro, via the Shady Grove Station, which is located within one (1) mile of the site.

# **ZONING AND SITE PLAN HISTORY:**

#### Annexation:

The Property was annexed into the City of Gaithersburg by the Mayor and City Council as part of the Teunis Tract annexation in 1990, by resolution R-101-90.9 At the time of the annexation approval, the Mayor and Town Council established C-2 (General Commercial) zoning for the subject property through Ordinance O-23-90.10 An Annexation Agreement was recorded following the approval of the annexation, which restricts the use on this property to a 150-unit hotel (though only a 140-unit hotel was actually built). 11 The applicant is seeking to amend the annexation agreement to allow residential uses, and the Mayor and City Council at its December 5, 2016 meeting authorized the City Manager to begin negotiating the amendment agreement. 12 It is anticipated that the final details of the amendment to annexation agreement will be reviewed concurrently with the Council's final action on the rezoning application Z-7496-2017.

# **Master Plan and Zoning:**

In 1997, the City adopted the Neighborhood One Land Use Plan. This property was included in Study Area 3 as Map Designation 10. The 1997 Land Use Plan recommended for this property a land use designation of commercial and no changes to the existing C-2 zoning, consistent with the X-152 Annexation Agreement. 13

In 1999, the City conducted a special study of the Frederick Avenue (MD 355) highway corridor. The 2001 Frederick Avenue Corridor Land Use Plan reflects the fruits of this study and includes land use and zoning recommendations. The subject property is located within the Southern Residential District of the Corridor Plan, but is not identified as a map designation and thus, no changes to the existing Commercial land use designation were recommended by the Plan. The Corridor Plan includes a general recommendation that all properties identified in the Plan, including this Property, be either comprehensively rezoned to CD or be rezoned to CD at the request of the property owner.<sup>14</sup>

The 2003 Master Plan Land Use Element did not identify this property as a special study area or map designation, and no changes to the existing zoning and land use designation were recommended, so the 1997 Master Plan land use recommendation of Commercial and the 2001 Corridor Plan zoning recommendation of CD remain in effect. 15

<sup>&</sup>lt;sup>9</sup> Exhibit #Z11/#C19

<sup>&</sup>lt;sup>10</sup> Exhibit #Z12/#C20

<sup>&</sup>lt;sup>11</sup> Exhibit #Z10/#C18

<sup>&</sup>lt;sup>12</sup> Exhibit #Z08/#C16

<sup>&</sup>lt;sup>13</sup> Exhibit #Z16/#C24

<sup>&</sup>lt;sup>14</sup> Exhibit #Z17/#C25 <sup>15</sup> Exhibit #Z18/#C26

The 2009 Master Plan Land Use Element did not identify this property as a special study area or map designation, and no changes to the existing zoning and land use designation were recommended, so the 1997 Master Plan land use recommendation of Commercial and the 2001 Corridor Plan zoning recommendation of CD remain in effect. 16

In summary, the current Master Plan recommendation for this property is CD zoning and a Commercial land use designation, which reflects the initial hotel development contemplated by Annexation X-152 and the use restriction included in the associated Annexation Agreement. There are no special conditions or other Master Plan requirements associated with this property.

## **Site Plan History:**

Following annexation, preliminary site plan S-938 was approved on March 20, 1991 by the Planning Commission, which permitted the construction of a 150-unit extended-stay Marriott Residence Inn hotel, substantially similar to the concept plan included in the annexation.<sup>17</sup> On December 6, 1995, the Commission approved an amendment to preliminary site plan S-938 for the Summerfield Suites extended-stay hotel, which revised the overall layout of the site, increased the height of the buildings from two to three stories, changed the architectural elevations, and reduced the number of units to 140. On May 15, 1996, the Commission approved final site plan S-938 for the Summerfield Suites hotel, reflecting the current as-built condition of the property. 18 Two subsequent amendments, AFP-01-037 and AFP-07-018, permitted changes to the approved building signage and monument sign.

# **REQUIRED ACTIONS**

# **Zoning Map Amendment Z-7496-2017**

As stated, the Applicant is requesting a zoning map amendment to change the property's existing General Commercial (C-2) Zone to the Corridor Development (CD) Zone. The CD Zone is identified by §24-10A of the City Code as a floating zone. According to §24-10A(2) of the City Code:

- (2) The approval of and placement of floating zones may only occur upon a finding by the city council that the application therefore:
- (a) Complies with the purposes and intent of the zone as stated in the zoning ordinance: and
- (b) As applied will be compatible and harmonious with existing and planned land uses in the surrounding area.

Exhibit #Z19/#C27
 Exhibit #Z14/#C22

<sup>&</sup>lt;sup>18</sup> Exhibit #C28

Section 24-160G.7(a) states that the City Council may approve the CD zoning when they find the following:

- (1) The application meets or accomplishes the purposes, objectives, and minimum standards and requirements of the zone; and
- (2) The application is in accord with recommendations in the applicable master plan for the area and is consistent with any special conditions or requirements contained in said master plan; and
- (3) The application and schematic development plan will be internally mid [sic] externally compatible and harmonious with existing and planned land uses in the CD zoned areas and adjacent areas.

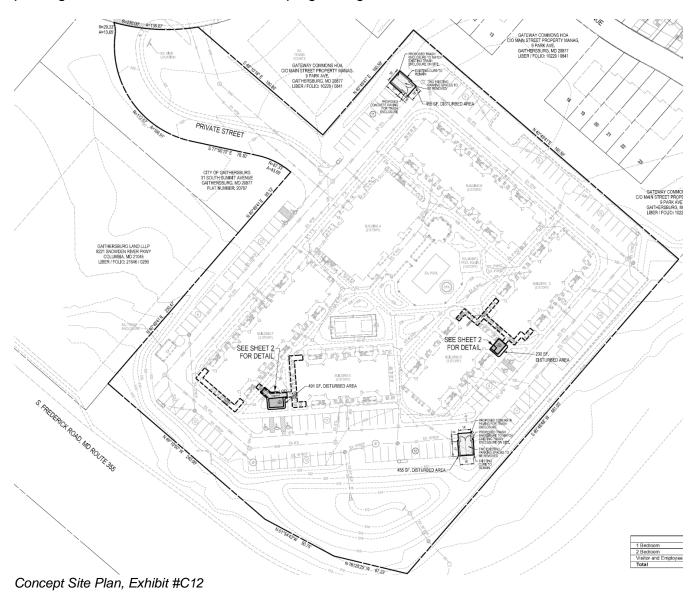
As noted in the applicant's Justification Statement, beginning with the 2001 Frederick Avenue Corridor Land Use Plan, the Master Plan has recommended the zoning of the property be changed to CD, satisfying § 160G.7(a)(2) above. The applicant's Justification Statement further notes that the proposed rezoning and re-use to senior rental apartments will satisfy the additional findings of § 160G.7(a)(1) and (3).

<sup>&</sup>lt;sup>19</sup> Exhibit #Z02/#C02

<sup>&</sup>lt;sup>20</sup> Exhibit #Z02/#C02

#### SP-7495-2017 CONCEPT PLAN PROPOSAL:

As required by § 24-160G.6(a), the applicant has submitted a concept plan application, SP-7495-2017, with the zoning map amendment application. The concept plan proposes to re-use the existing 140-unit extended stay hotel as 140 senior rental apartment units, comprised of 82 one-bedroom units and 58 two-bedroom units.<sup>21</sup> Only minor site and architectural changes are proposed as part of the conversion, including two new elevators and connecting walkways, updated exterior architectural elevation materials, additional trash collection areas, a revised parking tabulation, and limited landscaping changes.



<sup>&</sup>lt;sup>21</sup> Exhibit #Z02/#C02

In addition to the rezoning findings of Section 24-160G.7(a), Section 24-160G.7(b) states that the City Council may approve the associated concept plan when they find the following:

- (1) The plan is substantially in accord with architectural, signage, lighting, streetscape, parking and other regulations, requirements and guidelines adopted by the city council for the applicable corridor area.
- (2) The plan meets or accomplishes the purposes, objectives and minimum standards and requirements of the zone; and
- (3) The plan is in accord with the area master plan and any accompanying special condition or requirements contained in said master plan for the area under consideration; and
- (4) The plan will be internally and externally compatible and harmonious with existing and planned land uses in the CD zoned area and adjacent areas: and
- (5) The existing or planned public facilities are adequate to service the proposed development contained in the plan; and
- (6) The development staging or phasing program if any, is adequate in relation to the provision of public facilities and private amenities to service the proposed development; and
- (7) The plan, if approved, would be in the public interest.
- (8) The existing buildings with historic significance are considered for preservation and retention pursuant to the city's historic preservation ordinance.

As noted in the previous section of this report, the applicant has included a Justification Statement that outlines the purpose of the current request, including how it satisfies the required findings of § 24-160G.7(a) and § 24-160G.7(b).<sup>22</sup> The main points of the Justification Statement are:

- There has been continued population growth in the City of Gaithersburg and Montgomery County over the last six years, including growth in the number of persons who are 55 years of age and older. This growth indicates a demand and need for the type of senior housing proposed by this project.
- The proposed architectural changes will create a more residential appearance that will remain compatible with the surrounding residential land uses.
- The apartment use will encourage longer-term residents who will have a stronger interest in the appearance and overall vitality of the surrounding community.
- The existing buildings will continue to serve as a buffer between the residential community and the commercial uses along Frederick Avenue and high-volume traffic along Interstate 370 and Frederick Avenue.

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<sup>&</sup>lt;sup>22</sup> Exhibit #Z02/#C02

- Senior apartments provide an opportunity for current City residents to "age in place" and remain within the City limits if their housing needs should change. The applicant's Operation and Management Plan further details the types of amenities and services that will be provided as part of the senior housing focus.<sup>23</sup>
- Placing senior rental apartments in this location may reduce vehicle trips and support an
  active lifestyle by leveraging the surrounding community amenities, including medical
  offices, the City's Casey Community Center, City and private parks, religious
  institutions, nearby shopping centers, and public transit provided by Ride-On bus routes
  and the nearby Shady Grove Station on the Metro Red Line.

Staff further notes that, although the property has frontage on Frederick Avenue and Interstate 370, direct access to the property is only provided from Skidmore Boulevard, which is a residential street serving the townhouses and detached houses of the adjacent Gateway Commons subdivision. The lack of direct access to a major commercial street makes most potential commercial uses on this property that rely on the availability of a high turnover of customers and employers, such as retail and office, less attractive. The extended stay hotel, however, functions more like a residential use than a commercial use. Access to the existing use may be less of a challenge, particularly for traffic volume on the residential street, but as the applicant's Justification Statement notes, the hotel is not performing up to financial expectations.<sup>24</sup>

# **Height Waiver:**

As noted in the applicant's Justification Statement, the existing hotel is forty-five (45) feet, which exceeds the maximum height of thirty-five (35) feet allowed in the Southern Residential District of the CD Zone by § 24-160G.4(a). As a result, the applicant is requesting a waiver of the building height under § 24-160G.5(a), which allows a maximum height of four (4) stories or forty-eight (48) feet.<sup>25</sup>

Section 24-160G.5(b) allows the City Council to grant a height waiver when they find the following:

- (1) The applicant will provide either on-site or off-site public amenities to further enhance the corridor development zone and the purposes of the CD zone; and
- (2) The additional height is necessary to implement the master plan and a specific land use plan for Gaithersburg or attract an appropriate and compatible type or caliber of user; and
- (3) The additional height will be compatible with existing and proposed adjacent land uses and would not detrimentally impact those uses or public facilities serving a specific corridor.

<sup>&</sup>lt;sup>23</sup> Exhibit #Z03/#C03

<sup>&</sup>lt;sup>24</sup> Exhibit #Z02/#C02

<sup>&</sup>lt;sup>25</sup> Exhibit #Z02/#C02

As noted in the applicant's Justification Statement, all of the required findings are satisfied by this application because (1) the required 15% affordable housing is being provided, (2) the Master Plan recommends CD zoning for the existing buildings that exceed the height limitation of the CD zone, and (3) the height of these buildings were previously approved by the City, indicating that they are compatible with the surrounding uses.<sup>26</sup>

# Parking:

As noted in the applicant's Justification Statement, the proposed re-use as a senior rental apartment complex will require one parking space per two units, or 70 spaces for the 140 units proposed.<sup>27</sup> The concept site plan removes four existing parking spaces to accommodate additional trash receptacles, leaving 146 parking spaces on site, or 76 more than is required by § 24-219(b). The concept plan does not show any bicycle or motorcycle spaces, as required by § 24-219(a)(5) and (6), and the applicant may request a waiver from those provisions at final site plan review or revise the final site plan to add them.

# **Conceptual Architecture:**

The applicant has included conceptual architectural elevations that reflect the proposed minor changes to the exterior materials and the new elevator towers and associated walkways to access the individual residential units. As these are conceptual elevations, there will be opportunity for further comment and refinement during the preliminary and final site plan application reviews.

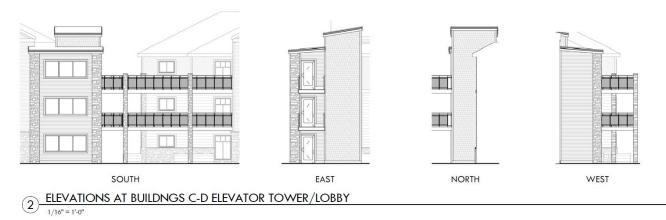


Existing Building Elevations, Exhibit #Z15/#C23

<sup>&</sup>lt;sup>26</sup> Exhibit #Z02/#C02

<sup>&</sup>lt;sup>27</sup> Exhibit #Z02/#C02





Conceptual Building Elevations, Exhibit #C14



Conceptual Building Elevations (elevator detail), Exhibit #C14

## Phasing:

As noted in the applicant's Justification Statement, the conversion from the existing hotel to senior rental apartments will happen in two phases. The first phase will be marketing and repositioning the property as a senior rental apartment complex, with leasing occurring shortly after final plan and permit approvals from the City. The second phase will consist of the façade changes and construction of the elevator towers and associated walkways, which is anticipated to begin shortly after the first phase has started, and there may be some overlap in construction and new residents moving in.<sup>28</sup>

## SUMMARY:

The Applicant has submitted zoning map amendment application Z-7496-2017 and the associated concept plan SP-7495-2017 for consideration, including a height waiver request. The applicant proposes to re-use an existing financially underperforming hotel as senior rental apartments, which responds to the general trend of increasing senior population in the City and County. Prior to submission of the applications, the applicant met with the surrounding community to seek input and received a generally favorable response to the proposed conversion. Concurrently with these applications, the applicant is also seeking to amend the annexation agreement to allow the residential use. The application has been submitted in accordance with § 24-160.G.6(a) of the City Code. A consolidated joint public hearing before the Mayor and City Council and the Planning Commission has been scheduled for February 21, 2017. Staff will continue to work with the Applicant on refining aspects and obligations of the plan following the public hearing and in response to comments received into the record.

<sup>&</sup>lt;sup>28</sup> Exhibit #Z02/#C02